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Message Text

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ACTION EB-07

INFO OCT-01 EA-07 IO-13 ISO-00 STR-04 STRE-00 AGR-05

CEA-01 CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07

INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

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R 221518Z APR 76
FM USDEL MTN GENEVA
TO SECSTATE WASHDC 1419
INFO AMEMBASSY SINGAPORE

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PASS STR FOR INFO

H PASS CODEL

EO 11652: N/A
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SUBJ: TROPICAL PRODUCTS CONSULTATION - SINGAPORE

REF: 75 STATE 276773

1. SUMMARY: IN BILATERAL TROPICAL PRODUCTS (TP) CONSULTATION WITH SINGAPORE MTN DEL, US MTN DEL ELABORATED ON ITS MARCH 1 OFFER TO NEGOTIATE MFN TARIFF CONCESSIONS IN TP GROUP, AND PRESENTED SINGAPORE DEL WITH LIST OF CONTRIBUTRIONS US IS SEEKING FROM SINGAPORE TO TP NEGOTIATIONS. SINGAPORE DEL SURPRISED US SEEKING SPECIFIC CONTRIBUTIONS AT TARIFF LINE LEVEL FROM LDC'S IN TP GROUP, NOTING SINGAPORE CHARED GENERAL LDC VIEW THAT DEVELOPING COUNTRY CONTRIBUTIONS WOULD BE CONSIDERED AT END OF LIMITED OFFICIAL USE

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MTN BASED ON NET BENEFITS TO THEM. SINGAPORE DEL

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NOTED, HOWEVER, THAT THIS WAS A NEGOTIATION AND PROMISED TO STUDY BOTH US OFFER AND REQUESTED CONTRIBUTIONS. END SUMMARY

2. ELBAORATION OF US TP OFFER - US MTN DEL (GRAEF ET AL) HELD BILATERAL CONSULTATION WITH SINGAPORE MTN DEL JIN TAN APRIL 20 IN CONTEXT OF CURRENT ROUND OF BILATERAL TP CONSULTATIONS TO ELABORATE ON US TP OFFER AND TO PRESENT US REQUEST FOR SPECIFIC LDC CONTRIBUTIONS TO TP NEGOTIATIONS. US MTN DEL NOTED THAT OF 89 PRODUCTS ON SINGAPORE'S TP REQUEST LIST TO THE US, 25 WERE INCLUDED IN US TP GLOBAL OFFER, WITH A 1974 TRADE VALUE OF BETWEEN $7.1 AND $9.3 MILLION DEPENDING UPON SINGAPORE'S EXPORTS OF EX-OUT ITEMS. BOTH DELEGATIONS AGREED TO SEEK AT SOME FUTURE MEETING AGREEMENT ON THE TRADE VALUE ON THE US TP OFFER TO SINGAPORE. US DEL INDICATED IT WAS OFFERING MFN TARIFF REDUCTIONS, WHICH THE US INTENDS TO BIND. BINDING, HOWEVER, RELATES TO IMPLEMENTATION, A SUBJECT ON WHICH THE US HAD NO POSITION AT THIS BEGINNING STAGE OF THE NEGOTIATIONS. US DEL INDICATED TWO PRODUCTS OF INTEREST TO SINGAPORE ON WHICH, BECAUSE OF DOMESTIC SENSITIVITIES, MEANINGFUL CONTRIBUTIONS FROM DEVELOP-ING COUNTRIES WOULD BE NEEDED IN ORDER FOR US TO BIND DUTY REDUCTIONS TO ZERO (TSUS 156.35, COCOA BUTTER, AND 176.04 COCONUT OIL.).

3. SINGAPORE'S INITIAL RESPONSE TO US TP OFFER- SINGAPORE DEL HAD SENT US TP OFFER TO SINGAPORE, BUT HAD NOT RECEIVED ANY INSTRUCTIONS. HE CONFIRMED MTN DEL OBSERVATION THAT SINGAPORE HAD INCLUDED SOME ITEMS IN ITS TP REQUEST LIST IN WHICH IT DID NOT HAVE TRADE INTERESTS, BUT WHICH WERE OF TRADE INTEREST TO OTHER ASEAN COUNTRIES WHICH SINGAPORE SUPPORTED. SINGAPORE DEL CONFIRMED THAT ITS REQUESTS WERE FOR MFN CONCESSIONS AND NOT GSP.

4. PRESENTATION OF LIST OF CONTRIBUTIONS US IS SEEKING FROM SINGAPORE - US DEL PRESENTED SINGAPORE DEL WITH CONFIDENTIAL NEGOTIATING LIST
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PREPARED BY WASHINGTON AGENCIES OF FIVE PRODUCTS ON WHICH US IS SEEKING CONTRIBUTIONS OF MFN TARIFF CONCESSIONS FROM SINGAPORE (LIST FOLLOWS BY SEPTEL). US DEL NOTED THAT IN KEEPING WITH PARA 5 OF THE TOKYO DECLARATION, IT WAS NOT SEEKING FULLY EQUIVALENT RECIPROCAL CONCESSIONS, HENCE THE TRADE VALUE OF CONTRIBUTIONS REQUESTED WAS CONDIERABLY LESS THAN THE US OFFER. (IN RESPONSE TO REQUEST OF

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SINGAPORE DEL, US DEL ESTIMATED ROUGHLY THAT VALUE
OF SINGAPORE IMPORTS INCLUDED IN US REQUEST WAS
ABOUT $3,000,000.)

5. SINGAPORE DEL'S INITIAL RESPONSE TO US REQUEST
FOR CONTRIBUTIONS - SINGAPORE DEL INITIALLY MADE
NOW ROUTINE OBSERVATION THAT SINGAPORE HAD PLANNED
TO CONSIDER ITS CONTRIBUTIONS AT THE END OF THE
NEGOTIATIONS WHEN THE WHOLE RESULTS OF THE
MTN WERE KNOWN, INCLUDING THE ADVERSE AFFECT OF
EROSION OF GSP MARGINS. US REQUEST FOR "RELATIVE
RECIPROCITY" WAS HENCE PREMATURE. SINGAPORE DEL
NOTED THAT IT HAD EXPECTED ITS EVENTUAL CONTRIBUTIONS
WOULD BE OF A MORE GENERAL NATURE, SUCH AS ADHERENCE
TO INERNATIONAL CODES, AND WAS THUS ADDITIONALLY
SURPRISED AT US REQUEST FOR SPECIFIC TARIFF CON-
CESSIONS. HE SAID, HOWEVER, THAT HE WAS NOT RULING
OUT MAKING SPECIFIC CONTRIBUTIONS. SINGAPORE DEL
NOTED US BILATERAL TRADE SURPLUS WITH IMPORTS FROM
THE US TOTALED 2.858 MILLION SINGAPORE DOLLARS IN
1974, WHILE SINGAPORE'S EXPORTS TO US WERE ONLY
2.00 MILLION. SINGAPORE DEL STATED IT SHOULD BE
BORNE IN MIND IN EVALUATING VALUE OF TRADE CONCESSIONS THAT
SINGAPORE DID NOT HAVE RAW MATERIALS AND WAS PRINCIPALLY
ENGAGED IN PROCESSING, SINGAPORE DEL CHARCTERIZED
US REQUEST LIST AS VERY INTERSTING IN IDENTIFYING
US TRADE INTERESTS. CONCERNING SPECIFICS ON US LIST,
SINGAPORE DEL OBSERVED US MIGHT GET ADVERSE REACTION
FROM COMPANIES NOW PRODUCING THESE PRODUCTS IN
SINGAPORE, SUCH AS CARRIER, GENERAL ELECTRIC, AND
FRIGIDAIRE.

6. SINGAPORE DEL STATED HIS PRINCIPAL CONCERN WAS
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THT SINGAPORE HAD ONLY A MARGINAL INTEREST IN
TROPICAL PRODUCTS NARROWLY DEFINED. SINGAPORE HAD
PREPARED ITS TP REQUEST LIST BASED ON SOME UNDER-
STANDING AS TO WHICH PRODUCTS WERE TORPICAL, HOWEVER,
THE US WAS REQUESTING CONCESSIONS ON OTHER THAN
TROPICAL PRODUCTS. SINGAPORE DEL CHARACTERIZED THE
US LIST AS NOT VERY SERIOUS -- GIVEN RESTRAINT THAT
IT HAD ITSELF EXERCISED IN SELECTING REQUESTS MADE IN TP
GROUP. SINGAPORE WAS VERY INTERESTED IN A NUMBER OF TARIFF
LINES ON PRODUCTS OTHER THAN TROPICALS IN US MARKET, AND INQUIRED
AS TO THE US REACTION TO SINGAPORE'S PRESENTING A WHOLE
NEW REQUEST LIST OF ITEMS ON WHICH IT WAS INTERESTED.
SINGAPORE DEL NOTED THAT WE ARE INVOLVED IN A
NEGOTIATION AND SINGAPORE WOULD BE VERY INTERESTED,
IF IT OBTAINED SOMETHING SUBSTANTIAL FROM THE NEGOTIATION.

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7. US DEL NOTED THAT IT HAD RECEIVED REQUESTS ON SOME 700 PRODUCTS IN THE TP NEGOTIATIONS AND HAD GONE AHEAD WHERE IT COULD SELECTING 147 WHICH IT BELIEVED WERE NEGOTIABLE IN THE TP GROUP, BUT TO GO AHEAD WITH OFFER WE REQUIRED SOME MEASURE OF BALANCE.
LDC'S WERE PRINCIPAL SUPPLIERS OF PRODUCTS IN TP OFFER AND THE ISSUE OF RECIPROCITY FROM OTHER SUPPLIERS, SUCH AS IMPORTANT DC PRODUCERS, WAS NOT A GREAT PROBLEM. US DEL EMPHASIZED THT OUR REQUEST LIST WAS NOT A SHOPPING LIST, BUT THAT TP GROUP WAS A NEGOTIATION. SINGAPORE DEL WAS OF COURSE FREE TO MAKE ADDITIONAL REQUESTS UNDER PROCEDURES AGREED IN TP GROUP, BUT US DEL COULD NOT ASSURE WHEN REPLIES WOULD BE FORTHCOMING GIVEN EXTENSIVE US CONSULTATION PROCESS. US DEL NOTED THAT THERE WERE OTHER GROUPS, SUCH AS THE TARIFF GROUP IN WHICH THE US HAD PROPOSED A CROSS NOTIFICATION PROCEDURE FOR ITEMS OF INTEREST TO LDCS, AND THAT PERHAPS THIS WOULD BE THE MOST APPROPRIATE FORUM FOR NEGOTIATIONS ON OTHER

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PRODUCTS. BOTH DELS AGREED THAT SINGAPORE WAS NOT A TYPICAL LDC IN CONTEXT OF TP GROUP AND SINGAPORE ACCEPTED REASONING THAT MANY PRODUCTS IT HAD REFRAINED FROM REQUESTING WOULD BE DIFFICULT TO TREAT IN TP GROUP, GIVEN US MFN POSITION AND THAT SINGAPORE'S COMPETITORS ON THESE ITEMS WERE DCS. US DEL NOTED, HOWEVER, THAT IT WOULD REPORT CONCERN OF SINGAPORE DEL,US DEL
REQUESTED THAT SINGAPORE STUDY CAREFULLY BOTH THE US OFFER AND REQUEST FOR CNONTRIBUTIONS AND THAT FURTHER NEGOTIATIONS ON THESE SUBJECTS BE UNDERTAKEN IN THE NEAR FUTURE. SINGAPORE DEL AGREED ON THE NECESSITY FOR PROMPTLY BEGINNING SERIOUS NEGOTIATIONS.

8. COMMENT: SINGAPORE DEL APPEARS TO BE SERIOUSLY CONCENED WITH NEGOTIATING MEANINGFUL TARIFF REDUCTIONS, IF THEIR EVALUATION OF US OFFER IS INTERESTING ENOUGH TO THEM. WE EXPECT THAT THEY WILL BE PREPARED TO MAKE SOME CONTRIBUTIONS. BUT LIKE OTHER LDCS, WILL BE RELUCTANT TO BE THE FIRST TO CROSS THE LINE.WALKER

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